



Department of Justice

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**FOX PAINE RESTRUCTURES ONE OF ITS TWO ALASKAN
TELECOMMUNICATIONS ACQUISITIONS TO ADDRESS
JUSTICE DEPARTMENT'S ANTITRUST CONCERNS**

WASHINGTON, D.C. -- The Department of Justice today announced that Fox Paine Capital Fund L.P. has abandoned its efforts to purchase the cellular operations of Century Telephone in Fairbanks, Alaska in order to resolve antitrust concerns involving two of Fox Paine's proposed Alaskan telecommunications acquisitions.

Fox Paine has restructured its proposal to acquire PTI Communications of Alaska Inc. and certain PTI affiliates from Century Telephone Enterprises Inc. Century Telephone will continue to own and operate the Fairbanks cellular system as it had before entering into the PTI deal with Fox Paine. Fox Paine's purchase of ATU Communications Inc. and the local telephone assets of the Municipality of Anchorage will go forward as originally proposed.

According to the Department, the two acquisitions as initially proposed would have led to a loss of head-to-head competition in mobile wireless telephone services in Fairbanks. ATU Communications, through MACTel Inc., owns one of the cellular systems in the market and Century Telephone, through Pacific Telecom Cellular of Alaska RSA #1 Inc., operates the other. There are no other providers of mobile wireless telephone service in the Fairbanks market.

"The original deal between Fox Paine and Century Telephone would likely have caused consumers in Fairbanks to have paid higher prices or receive lower quality service for wireless mobile telephone services," said Joel I. Klein, Assistant Attorney General in charged of the

Antitrust Division. "By not allowing Fox Paine to acquire Century Telephone's cellular system in Fairbanks, competition will be preserved."

Under the restructured deal, Fox Paine's subsidiary, ALEC Acquisition Corporation will no longer acquire Pacific Telecom Cellular of Alaska RSA #1 Inc., but will still acquire PTI Communications of Alaska Inc. and several of PTI's affiliates from Century Telephone. PTI and the affiliates still being purchased by Fox Paine offer Internet service throughout Alaska and local exchange service in Juneau, Fairbanks, and other areas of Alaska. They also own a cellular system in Juneau and hold licenses to provide personal communications services (PCS) in Anchorage, Fairbanks, and Juneau.

Fox Paine's affiliates -- Alaska Communications Systems Inc. and Alaska Communications Systems Sub Inc.-- will go forward with their purchase of ATU Communications, Inc. and the local telephone service assets of the Municipality of Anchorage without any restructuring. ATU Communications has interests in firms providing long distance, cellular, and Internet services in Alaska.

Fox Paine, headquartered in Foster City, California, is a limited partnership that manages investment funds. In addition, Fox Paine wholly owns ALEC Acquisition Corporation, also based in Foster City, California, and Alaska Communications Systems Inc., which is headquartered in Anchorage, Alaska.

ATU Communications Inc. is headquartered in Anchorage and posted revenues of \$150.2 million in 1998. MACTel Inc., a subsidiary of ATU, is a large cellular provider, offering services in Anchorage, Fairbanks and the Kenai areas of Alaska. The Municipality of Anchorage, which offers local telephone services in the Anchorage area, owns ATU.

Century Telephone Enterprises Inc., headquartered in Monroe, Louisiana, provides integrated telecommunications services, including local, wireless, long distance, Internet access, and security services in many areas of the United States. In 1998, Century Telephone reported operating revenues of \$1,577,085,000.

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